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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

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FORM 10-Q

0-35545

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15 (D)
OF THE SECURITIES EXCHANGE ACT OF 1934

APR 1 1992

For the quarter ended September 30, 1991

or

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

For the period from _____ to _____

Commission file number 0 - 13789

Nastech Pharmaceutical Company, Inc.
(Exact name of registrant as specified in its charter)

Delaware	11-2658569
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

129 Oser Ave, Hauppauge, New York	11788
(Address of principal executive offices)	(Zip Code)

PROCESSED BY
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Q-Data Corp. - St. Petersburg, FL

(516) 273-0101
(Registrant's telephone number, including area code)

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None
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.
Yes __X__ No____

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

DATE	CLASS	SHARES OUTSTANDING
9/30/91	Common stock - $.002 par value	3,684,991

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)
September 30, 1991

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
BALANCE SHEET (UNAUDITED)

ASSETS

	SEPTEMBER 30, 1991	JUNE 30, 1991
CURRENT ASSETS:		
Cash	$419,809	$3,358
Royalties and other receivables	$82,049	$533,865
Accounts receivable	$1,387	$9,728
Inventories	$0	$5,000
Prepaid expenses and sundry	$6,870	$13,815
	$510,115	$565,766
PROPERTY AND EQUIPMENT	$243,408	$240,407
Less: Accumulated depreciation and amortization	$144,428	$136,855
	$98,980	$104,552
OTHER ASSETS:		
Security deposits	$5,613	$5,613
	$614,708	$675,931

LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT)

CURRENT LIABILITIES:		
Accounts payable	$508,803	$501,221
Accrued interest	$213,974	$186,447
Accrued expenses and sundry liabilities	$207,945	$207,129
Notes and loans payable	$7,461	$20,607
Current maturities of long-term debt	$608,592	$606,736
	$1,546,775	$1,522,140
LONG-TERM DEBT - NET OF CURRENT MATURITIES	$122,396	$125,273
DEFERRED INCOME TAXES PAYABLE	$80,000	$80,000
STOCKHOLDERS' EQUITY (DEFICIT)		
Common stock - par value $.002 per share, authorized 5,000,000 shares, issued and outstanding 3,684,991 shares at September 30, 1991 and 2,802,638 at June 30, 1991	$7,370	$5,605
Additional paid-in capital	$5,017,979	$4,869,744
Deficit accumulated during the development stage	($6,009,812)	($5,926,831)
	($984,463)	($1,051,482)
Less: Subscriptions Receivable	$150,000	—
	($1,134,463)	($1,051,482)
	$614,708	$675,931

NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)
STATEMENT OF OPERATIONS
(UNAUDITED)

	Three Months Ended September 30,		Cumulative from Inception to
	1991	1990	September 30, 1991
REVENUES			
Sales of Patent Rights and Research Information			$1,250,000
Sales – Pro-gesic	$13,394	$40,717	$178,889
License Fee, Royalty and Research Income	$82,049	$58,710	$1,749,236
Insurance Proceeds	--	--	$500,000
Interest Income	$4,971	$237	$285,573
	$100,414	$99,664	$3,963,698
COSTS AND EXPENSES			
Research and Development	$41,111	$149,485	$3,080,625
Payments in Lieu of Royalties	$25,000	$25,000	$800,000
Product and Marketing Costs – Pro-gesic – Net	$35,568	$177,263	$575,598
	$101,679	$351,748	$4,456,223
General and Administrative	$53,560	$123,462	$5,216,186
Interest Expense	$28,156	$20,203	$221,101
	$183,395	$495,413	$9,893,510
LOSS BEFORE INCOME TAXES	($82,981)	($395,749)	($5,929,812)
DEFERRED INCOME TAXES	---	---	$80,000
NET LOSS	($82,981)	($395,749)	($6,009,812)
LOSS PER COMMON SHARE	($0.03)	($0.14)	($3.11)
AVERAGE NUMBER OF SHARES OUTSTANDING	3,061,589	2,802,599	1,932,903

See accompanying notes to financial statements.

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE THREE MONTHS ENDED SEPTEMBER 30, 1991
(UNAUDITED) AND YEARS ENDED JUNE 30, 1991, 1990 AND 1989

	Common Stock		Additional Paid-In	Deficit Accumulated During the	
	Shares	Amount	Capital	Development Stage	Total
Balance - June 30, 1988	2,349,161	$4,698	$4,458,953	($4,295,570)	$168,081
Stock issued in connection with private placements at $2.00 per share	22,500	$45	$44,955		$45,000
Stock issued for services at $1.49 per share	18,500	$37	$27,463		$27,500
Stock issued in connection with license agreement at $2.00 per share	37,500	$75	$74,925		$75,000
Net loss				($627,066)	($627,066)
Balance - June 30, 1989	2,427,661	$4,855	$4,606,296	($4,922,636)	($311,485)
Stock issued in connection with private placements at $2.00 per share	20,000	$40	$39,960		$40,000
Stock issued in connection with private placements at $1.00 per share	100,000	$200	$99,800		$100,000
Stock issued in connection with exercise of Basil warrant 254,766 shares at $.4875 per share	254,766	$510	$123,688		$124,198
Additional shares issued in connection with reverse stock split	158				
Net loss				($441,733)	($441,733)
Balance - June 30, 1990	2,802,585	$5,605	$4,869,744	($5,364,369)	($489,020)
Stock issued in connection with private placement at $.17 per share	882,353	$1,765	$148,235		$150,000
Net (loss) three months ended September 30, 1991				($82,981)	($82,981)
BALANCE SEPTEMBER 30, 1991	3,684,991	$7,370	$5,017,979	($6,009,812)	($984,463)

NASTECH PHARMACEUTICAL COMPANY, INC.
(A DEVELOPMENT STAGE ENTERPRISE)

STATEMENT OF CASH FLOWS
(UNAUDITED)

	Cumulative from July 1, 1988 to September 30, 1991	For the Nine Months Ended September 30, 1990	1991
CPERATING ACTIVITIES:			
Net loss	($1,714,242)	($395,749)	($82,981)
Adjustments to reconcile net loss to net cash used by operating activities:			
Depreciation and amortization	$188,263	$16,609	$5,572
Amortization of deferred charges	$108,000	$11,625	
Abandonment leasehold improvements	$44,848	---	---
Issuance of common stock in payment of legal fees	$27,500	---	---
Issuance of common stock in payment of deferred loan costs	$75,000	---	---
Changes in assets and liabilities:			
Royalties and other receivables	($20,924)	$267,663	$451,816
Accounts receivable	($1,387)	$17,554	$8,341
Inventories	---	($1,437)	$5,000
Prepaid expenses and sundry	$21,437	$13,565	$6,945
Accounts payable	$315,447	$41,049	$7,582
Accrued interest payable	$213,974	$18,750	$27,527
Royalty received in advance	($25,000)	---	---
Accrued expenses and sundry liabilities	$190,565	$17,861	$816
Net cash used by operating activities	($576,519)	$7,490	$430,618
INVESTING ACTIVITIES:			
Capital expenditures	($94,688)	---	
Other assets	($77,913)	---	
Net cash used by investing activities	($172,601)	---	---
FINANCING ACTIVITIES:			
Proceeds from loans	$774,901	---	
Reduction in long-term debt	($103,910)	($8,883)	($14,167)
Proceeds from sale of common stock	$309,198	---	
Net cash provided by financing activities	$980,189	($8,883)	($14,167)
NET (DECREASE) IN CASH	$231,069	($1,393)	
CASH - BEGINNING	$188,740	$6,521	$3,358
CASH - ENDING	$419,809	$5,128	$419,809

See accompanying notes to financial statements

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NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)

STATEMENTS OF CHANGES IN FINANCIAL POSITION

	Cumulative From Inception to June 30, 1988
APPLICATION OF FUNDS:	
Operations:	
Net Loss	($4,295,570)
Deduct items not Affecting Working Capital:	
Depreciation and Amortization	$45,642
Deferred Income Taxes	$80,000
	($4,169,928)
Acquisition of property and equipment	($215,587)
Redemption of Common Stock	($550)
Costs incurred for Registration of Common Stock held by Underwriter and Stock Option Plans	($48,200)
Increase in Security Deposit	($35,700)
	($4,469,965)
SOURCES OF FUNDS:	
Issuance of Common Stock and Warrants	$4,512,401
INCREASE IN WORKING CAPITAL	$42,436
INCREASE IN WORKING CAPITAL:	
Increase in Current Assets:	
Cash	$188,740
Royalty Receivable	$61,125
Prepaid Expenses and Sundry Receivables	$28,307
	$278,172
Increase in Current Liabilities:	
Accounts Payable	($193,356)
Royalties received in advance	($25,000)
Accrued Expenses and Sundry Liabilities	($17,380)
	($235,736)
INCREASE IN WORKING CAPITAL	$42,436
WORKING CAPITAL - BEGINNING	
WORKING CAPITAL - ENDING	$42,436

See Accompanying Notes to Financial Statements

NASTECH PHARMACEUTICAL COMPANY, INC.
(A Development Stage Enterprise)
Notes to Financial Statements (Unaudited)
September 30, 1991

(1) General

The accompanying financial information should be read in conjunction with the financial statements, including the notes thereto, for the year ended June 30, 1991.

The information furnished in this report reflects all adjustments (consisting of only normal recurring accruals) which are, in the opinion of management, necessary for a fair statement of the results for the interim periods.

In addition to the Company's licensing arrangements with the University of Kentucky Research Foundation, the Company has researched a number of drugs independently, for which patents have been applied.

All share and per share amounts included herein have been adjusted to reflect the 1:200 reverse stock split of January 2, 1990.

(2) Long-Term Debt

Long term debt consists of the following at September 30, 1991:

	1991
Loan Payable- Basil Properties due May 3, 1992 with interest at 12.5%	$600,000
Loan Payable- Basil Properties due February 15,1993	$120,000
Other	10,988
	$730,988
Less: Amount payable within one year	608,592
	$122,396

On May 3, 1989, Basil Properties (Basil) made a loan to the Company of $600,000. The loan was due the earlier of May 3, 1991 or the closing of a public offering of the capital stock of the Company. As part of the financing, the Company issued to Basil warrants to purchase up to 10% of the Company's outstanding Common stock.

On May 3, 1991 the Company was unable to repay the loan to Basil. Basil agreed to forbear from declaration of the loan and all accrued interest as immediately due and payable until May 3, 1992.

In consideration of this forbearance on July 17, 1991, Nastech issued a warrant granting Basil a five year right to purchase 200,000 shares of the common stock of the Company at a purchase price of $.125 per share, which price was equal to the fair market value of a share of Nastech common stock on the date of the agreement.

(3) Income Taxes

At September 30, 1991 the Company has net operating loss carryforwards of approximately $6,340,000 for income tax purposes, available to reduce future taxable income, expiring from 1998 through 2006.

The research and development expenditures incurred by the Company through June 30, 1986, are subject to the minimum tax provisions of the Internal Revenue Code. The deferred income tax liability at September 30, 1991 in the amount of $80,000 represents minimum taxes deferred until the Company utilizes its net operating loss carryforwards and obtains the benefit of the deduction of the research and development expenditures.

(4) Commitments and Contingencies

a. Minimum Royalty Payments:

In connection with the license agreement with the University of Kentucky Research Foundation ("UKRF"), the Company is to make royalty payments to UKRF with respect to sales of products covered under the patents licensed to the Company by UKRF. Payment of $25,000 every three months, beginning in December, 1983, must be made in lieu of a minimum royalty under the agreement.

Minimum royalty payments begin twelve months after FDA marketing approval for any product covered under the agreement is received by the Company. The minimum royalty during the first, second and each succeeding year beginning twelve months after FDA approval amounts to $100,000, $300,000, and $500,000, respectively.

In the event there are no unexpired patents licensed to the Company by UKRF covering the manufacture, use or sale of products, then the Company is to pay one half of such royalties and minimum royalties.

b. Leases:

On December 6, 1990, the Company leased office and laboratory space under a three-year lease agreement expiring on December 31, 1993. The following is a schedule of future minimum lease payments:

12 Months Ending September 30, 1992	$31,165
12 Months Ending September 30, 1993	33,019
12 Months Ending September 30, 1994	8,236
	$72,420

c. Insurance:
The Company maintains product liability insurance for its topical analgesic product, Pro-gesic.

(5) Joint Venture Agreement

On May 3, 1989, the Company and Basil agreed to form a joint venture on an equal equity basis for the purpose of exercising the exclusive rights to manufacture, distribute or market outside of the United States all pharmaceutical or other products or technology relating to nasal delivery owned by the Company, subject to the Company's existing international contracts.

The agreement provides for Basil to contribute $50,000 in cash as a capital contribution and the Company's capital contribution (valued at $50,000) to be represented by a transfer of its rights, title and interest in and to the manufacture, distribution and marketing outside of the United States of all pharmaceutical and other products and technology owned by the Company relating to nasal delivery.

At December 31, 1990 Nastech's share of accumulated losses of the joint venture amounted to $34,200. Nastech's equity in the joint venture has not been recorded on its books since all costs incurred by Nastech relating to the rights and technology transferred to the joint venture were charged to income incurred.

Basil shall exercise its best efforts to enter into licensing, marketing or other agreements to achieve the purpose of the joint venture.

The agreement provides for covenants not to compete for both parties and provides that Basil will either secure or provide a line of credit for the joint venture of $250,000.

(6) Contractual Agreements

The Company has entered into an exclusive agreement with Rugby for the manufacture, marketing and distribution of certain of the Company's products following FDA approval. The Company is to receive a percentage of net sales after Rugby has recovered certain costs incurred. On June 26, 1987 the Company entered into an agreement appointing Rugby as its exclusive licensee to manufacture, distribute and market propranolol. In consideration for the transfer of the propranolol research and development information, Rugby paid the Company $500,000 as follows: a) $300,000 upon execution of the agreement which was received and recorded as income during the year ended June 30, 1987 and b) $200,000 which was received and recorded as income during the year ended June 30, 1989.

In addition, in consideration of the granting of the exclusive license to the propranolol patents, Rugby paid the Company $100,000 as follows: a) $50,000 upon execution of this agreement which was received and recorded as income during the year ended June 30, 1987 and b) $50,000 which was received and recorded as income during the year ended June 30, 1989. Rugby has also agreed to pay the Company a 7% royalty based on net sales, as defined.

During November, 1985 the Company entered into an exclusive agreement with Nature's Bounty, Inc. under which Nature's Bounty, Inc. will manufacture, market and sell a non-prescription, nasally administered Vitamin B-12 dietary supplement. The financial arrangements include the Company receiving a percentage of net sales of this product.

In January, 1986 the Company licensed to Bristol-Myers Squibb, Inc. its patent to administer the drug butorphanol nasally, which resulted in license fee income of $50,000, $25,000 and $45,000 for the years ended June 30, 1990, 1989, and 1988, respectively. Prior to the marketing of this product, FDA approval must be obtained.

As part of a new investment agreement dated December 13, 1989, Basil and a group of other investors have given to the Company $300,000 to be used to finance the development, manufacturing, marketing and distribution of a new product "Pro-gesic". At June 30, 1990, the entire amount was used. The product and marketing costs of Pro-gesic in the statement of operations for 1990 are presented net of the $300,000.

The investors will receive 30% of the pre-tax profit from the sale of this product in the first year, 40% in the second year and 50% for each additional year. There was no profit on the sale of Pro-gesic through June 30, 1991 and, therefore, no amount is due to the investors presently.

On March 31, 1990 the Company entered into an agreement with Rugby-Darby Laboratories, Inc whereby the Company terminated the manufacturing and distribution agreement and sold its patent rights and research information relating to its developmental drug Metoclopramide in nasal delivery form for $700,000. Additionally, the Company is to receive royalties based upon net sales of the product.

The Company has entered into various agreements for the distribution and endorsement of Pro-gesic at varying commission and royalty rates.

(7) Continued Existence

The financial statements for the three months ended September 30, 1991 have been prepared on a continuing existence basis. However, the Company incurred a net loss of $82,981 during the three months ended September 30, 1991; losses cumulative since inception amount to $6009,812 and its liabilities exceeded its total assets by $1,134,463.

Management is awaiting FDA approval to market and sell several of the nasally administered drugs it has applied for which could result in the Company emerging from its development stage. It cannot be predicted when FDA approval will be forthcoming.

In addition, management is continually exploring ways of obtaining funds through loans or private or public equity financing opportunities.

Management is of the opinion that FDA approval will provide for the Company's commencement of profitable operations. Management believes that should it be able to secure adequate funds through financing opportunities, it will have sufficient resources for the Company to continue in existence until it can emerge from the development stage into a profitable operating entity. However, there is no certainty that FDA approval or such funding will be forthcoming.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Operations - Quarter Ended September 30, 1991

During the quarter ending September 30, 1991, the Company continued to conduct the pharmacological research and assemble the technical and reference data required to gain marketing approval from the appropriate federal agencies for four new drug products. The Company's New Drug Application ("NDA") for a therapeutic, intranasal Vitamin B12 which was accepted for filing in February, 1989, is being supplemented with additional clinical data. To date, final approval by the FDA of this and other new drug products being developed by the Company cannot be predicted with any certainty, and no assurance can be given that any product will be approved. Until the Company receives approval to market its drugs from the appropriate governmental authorities, it anticipates having limited operating revenues.

Revenue totaling $82,049 was received by the Company as a result of licensing, royalty and research income.

A significant portion of the Company's revenues resulted from the continued marketing of the Company's non-prescription Vitamin B12 nasal gel by Nature's Bounty, Inc. However, in a regulatory letter, the FDA requested that Nature's Bounty discontinue the sale of this product contending that it is a new drug rather than a dietary supplement. The Company has been informed that Nature's Bounty, on the advice of its FDA counsel, has responded with a detailed explanation supporting its view that, as a vitamin being marketed for nutritional purposes only, the product is exempt from regulation as a drug. While this dispute is being litigated, the product continues to be sold.

The Company also received approximately $13,394 from the sales of Pro-gesic®, a liquid analgesic developed in the Company's laboratories. Due to the Company's limited liquidity as well as high initial manufacturing costs for Pro-gesic®, management has decided to defer any further marketing activities relating to Pro-gesic® until further notice.

In August, 1991, the Company received $500,000 representing insurance proceeds from a "Key Man" life insurance policy maintained on the life of Dr. Wenig, the Company's founder and former Chief Executive Officer.

Three Month Period Ended September 30, 1991 Compared With Prior Fiscal Years

As the Company continues to be in the developmental stage, the Company's activities continue to be focused primarily on conducting the pharmacological research and clinical trials in order to gain marketing approval for its first nasal pharmaceutical, its therapeutic intranasal Vitamin B12. As such, comparisons to prior periods are not reflective of any meaningful trends or developments in its operations.

In the quarter ended September 30, 1991, the Company concluded no material transactions involving sales of its intellectual property. Such sales had accounted for a significant portion of revenues in prior periods.

Liquidity and Capital Resources

As of the end of the quarter ended September 30, 1991, the Company had a working capital deficit of $1,036,660. The Company has been able to maintain its operations as a result of substantially reducing its operating costs and the receipt of insurance proceeds, as set forth above. Further, the Company was also able to retain a forebearance agreement from its principal creditor, Basil Properties.

The Company's continued liquidity for the present fiscal year is subject to the following: receipt of continued royalty and license fee income from existing sources; revenue from the sale of research information; continued reduction of operating costs; continued cooperation by the Company's principal creditor; possible revenues from the marketing of a new drug product, should such product be given marketing approval by the FDA; and/or the receipt of funds raised from an equity financing. However, there is no assurance that any of the foregoing will occur.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings
None

Item 2. Changes in Securities
None

Item 3. Defaults Upon Senior Securities
None

Item 4. Submission of Matters to a Vote of Security Holders
None

Item 5. Other Information
None

Item 6. Exhibits and Reports on Form 8-K
None

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, duly authorized at Hauppauge, New York on the 30th day of March, 1992.

NASTECH PHARMACEUTICAL COMPANY, INC.

BY: _____
VINCENT ROMEO, President
and Chief Executive Officer

BY: _____
JOEL GIRSKY, Director,
Treasurer & Principal Financial And
Accounting Officer